

AUDIT REPORT

TOWN OF GLENCOE, OKLAHOMA

JUNE 30, 2022

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TOWN OF GLENCOE, OKLAHOMA
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Glencoe, Oklahoma

Report on the Audit of the Financial Statements

Opinions

I have audited the modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Glencoe, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Glencoe's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Glencoe as of June 30, 2022, and the respective changes in modified cash-basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with modified cash basis of accounting described in Note 1.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Glencoe, Oklahoma and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Emphasis of Matter - Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Glencoe's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management,

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as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Glencoe's ability to continue as a going concern for a reasonable period of time.

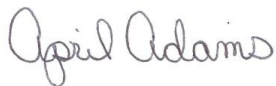
I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary and Other Information

The other supplementary information section listed in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Town. Such additional information has not been subjected to the auditing procedures applied in my audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 8, 2022, on my consideration of the Town of Glencoe's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Glencoe's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Glencoe's internal control over financial reporting and compliance.



April Adams CPA PLLC

Ponca City, Oklahoma

December 8, 2022

TOWN OF GLENCOE, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2022 Total</u>
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 165,430	\$ 132,947	\$ 298,376
Certificates of Deposit	327,970	132,323	460,292
Total Current Assets	493,399	265,269	758,669
<u>Capital Assets:</u>			
Land	-	1,006,075	1,006,075
Capital Assets, net of Accum. Depreciation	392,438	695,011	1,087,449
Total Capital Assets	392,438	1,701,086	2,093,524
TOTAL ASSETS	885,838	1,966,355	2,852,193
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Current Portion of Long-Term Debt	-	200,048	200,048
Total Current Liabilities	-	200,048	200,048
<u>Long-Term Liabilities:</u>			
Customer Meter Deposits	-	25,886	25,886
Notes Payable	-	256,178	256,178
Less: Current Portion of Long-Term Debt	-	(200,048)	(200,048)
Total Long-Term Liabilities	-	82,016	82,016
TOTAL LIABILITIES	-	282,064	282,064
<u>NET POSITION</u>			
Net investment in capital assets	392,438	1,444,908	1,837,346
Restricted for:			
Debt Service	105,000	65,000	170,000
Other Purposes	59,547	-	59,547
Unrestricted	328,853	174,383	503,237
TOTAL NET POSITION	\$ 885,838	\$ 1,684,291	\$ 2,570,129

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GLENCOE, OKLAHOMA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General Government	\$ 107,828	\$ -	\$ -	\$ 54,980	\$ (52,848)
Public Safety	65,942	11,963	4,763	-	(49,216)
Highways & Streets	41,813	-	-	30,000	(11,813)
Parks & Recreation	27,662	-	-	-	(27,662)
Cemetery	4,781	1,400	-	-	(3,381)
Total Governmental Activities	<u>248,026</u>	<u>13,363</u>	<u>4,763</u>	<u>84,980</u>	<u>(144,920)</u>
Business-type activities:					
Water	158,147	153,629	-	-	(4,518)
Sewer	118,963	58,789	-	419,462	359,287
Sanitation	63,090	91,188	-	-	28,098
Emergency Services	7,798	7,877	-	-	80
Total Business-type Activities	<u>347,998</u>	<u>311,483</u>	<u>-</u>	<u>419,462</u>	<u>382,947</u>
Total	<u>\$ 596,024</u>	<u>\$ 324,846</u>	<u>\$ 4,763</u>	<u>\$ 504,442</u>	<u>\$ 238,028</u>

Changes in Net Position:

	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (144,920)	\$ 382,947	\$ 238,028
General revenues:			
Taxes:			
Sales Tax	142,781	-	142,781
Use Tax	59,384	-	59,384
Tobacco Tax	1,104	-	1,104
Franchise Tax	17,136	-	17,136
Intergovernmental:			
Motor Vehicle Tax	4,178	-	4,178
Alcoholic Beverage Tax	3,138	-	3,138
Gasoline Excise Tax	928	-	928
Licenses & Permits	510	-	510
Donations	9,022	-	9,022
Miscellaneous Income	20,891	12,617	33,507
Interest Income	1,531	704	2,235
Transfers - Internal Activity	(54,718)	54,718	-
Total general revenues & transfers	<u>205,886</u>	<u>68,039</u>	<u>273,924</u>
Changes in Net Position	<u>60,966</u>	<u>450,986</u>	<u>511,952</u>
Net Position - beginning	<u>824,872</u>	<u>1,233,305</u>	<u>2,058,177</u>
Net Position - ending	<u>\$ 885,838</u>	<u>\$ 1,684,291</u>	<u>\$ 2,570,129</u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF GLENCOE, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Police Fund	Street & Alley Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 132,744	\$ 9,427	\$ -	\$ 23,259	\$ 165,430
Investments	235,568	55,240	-	37,162	327,970
TOTAL ASSETS	\$ 368,312	\$ 64,667	\$ -	\$ 60,420	\$ 493,399
<u>LIABILITIES & FUND EQUITY</u>					
<u>LIABILITIES:</u>					
Payroll Taxes Payable	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
<u>FUND BALANCES:</u>					
Nonspendable	-	-	-	-	-
Restricted	105,000	-	-	59,547	164,547
Committed	-	-	-	-	-
Assigned	-	64,667	-	873	65,541
Unassigned	263,312	-	-	-	263,312
TOTAL FUND BALANCES	368,312	64,667	-	60,420	493,399
TOTAL LIABILITIES AND FUND BALANCES	\$ 368,312	\$ 64,667	\$ -	\$ 60,420	

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of Net Position are different because:

Capital assets used in governmental activities of \$1,223,241, net of accumulated depreciation of \$830,803, are not financial resources and, therefore, are not reported in the funds.	392,438
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Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds.	-
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Net Position of Governmental Activities	\$ 885,837
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF GLENCOE, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Police Fund	Street & Alley Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>					
Taxes:					
Sales Tax	\$ 142,781	\$ -	\$ -	\$ -	142,781
Use Tax	59,384	-	-	-	59,384
Tobacco Tax	1,104	-	-	-	1,104
Franchise Tax	17,136	-	-	-	17,136
Intergovernmental:					
Motor Vehicle Tax	-	-	4,178	-	4,178
Alcoholic Beverage Tax	3,138	-	-	-	3,138
Gasoline Excise Tax	-	-	928	-	928
Grants	89,743	-	-	-	89,743
Fines & Forfeitures	-	1,618	-	-	1,618
Licenses & Permits	510	-	-	-	510
Donations	-	-	-	9,022	9,022
Lot Sales	-	-	-	1,400	1,400
Miscellaneous Income	31,236	-	-	-	31,236
Interest Income	1,129	240	-	162	1,531
TOTAL REVENUES	346,161	1,858	5,106	10,584	363,709
<u>EXPENDITURES:</u>					
General Government	96,626	-	-	5,290	101,916
Public Safety - Fire	23,021	-	-	-	23,021
Public Safety - Police	-	40,628	-	-	40,628
Highways & Streets	-	-	14,972	-	14,972
Parks and Recreation	17,473	-	-	-	17,473
Cemetery	-	-	-	4,781	4,781
Capital Outlay	4,000	-	31,170	-	35,170
TOTAL EXPENDITURES	141,119	40,628	46,142	10,071	237,960
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	205,042	(38,770)	(41,035)	513	125,750
<u>OTHER FINANCING SOURCES (USES):</u>					
Operating Transfers In	30	39,938	41,035	5,774	86,778
Operating Transfers Out	(141,496)	-	-	-	(141,496)
Capital Debt Proceeds	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(141,466)	39,938	41,035	5,774	(54,718)
NET CHANGES IN FUND BALANCES	63,576	1,168	-	6,287	71,032
FUND BALANCE - BEGINNING OF YEAR	304,736	63,499	-	54,133	422,368
FUND BALANCE - END OF YEAR	\$ 368,312	\$ 64,667	\$ -	\$ 60,420	493,400

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GLENCOE, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Reconciliation to Statement of Activities:

Net change in fund balances - total governmental funds	\$ 71,032
Amounts reported for governmental activities in the Statement of Activities are different because:	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Capital debt obligation principal payments	-
Issuance of new capital debt obligations is recorded as capital debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Position:	
Capital Debt Proceeds	-
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	35,170
Depreciation expense	<u>(45,236)</u>
Change in Net Position of Governmental Activities	<u>\$ 60,966</u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF GLENCOE, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
JUNE 30, 2022**

	<u>Glencoe Public Works Authority Enterprise Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 132,947
Investments	<u>132,323</u>
Total Current Assets	<u>265,269</u>
Noncurrent Assets:	
Land and Construction in Progress	1,006,075
Other capital assets, net of accumulated depreciation	<u>695,011</u>
Total Noncurrent Assets	<u>1,701,086</u>
TOTAL ASSETS	<u><u>1,966,355</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Current Portion of Long-Term Debt	<u>200,048</u>
Total Current Liabilities	<u>200,048</u>
Noncurrent Liabilities:	
Customer meter deposits	25,886
Notes Payable	256,178
Less: Current Portion of Long-Term Debt	<u>(200,048)</u>
Total Noncurrent Liabilities	<u>82,016</u>
TOTAL LIABILITIES	<u><u>282,064</u></u>
<u>NET POSITION</u>	
Net investment in capital assets	1,444,908
Restricted for debt service	65,000
Unrestricted	<u>174,383</u>
TOTAL NET POSITION	<u><u>\$ 1,684,291</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GLENCOE, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Glencoe Public Works Authority Enterprise Fund</u>
<u>OPERATING REVENUES:</u>	
Charges for services:	
Water	\$ 153,629
Sewer	58,789
Sanitation	91,188
Emergency services	7,877
Other income	12,617
TOTAL OPERATING REVENUES	<u>324,100</u>
<u>OPERATING EXPENSES:</u>	
Water	150,659
Sewer	87,835
Sanitation	63,090
Emergency services	7,798
Depreciation	31,367
TOTAL OPERATING EXPENSES	<u>340,749</u>
NET OPERATING INCOME (LOSS)	<u>(16,649)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	704
Interest Expense	(7,250)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(6,546)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(23,194)
Capital Contributions	419,462
Transfers in	54,748
Transfers out	(30)
CHANGE IN NET POSITION	450,986
TOTAL NET POSITION - BEGINNING	<u>1,233,305</u>
TOTAL NET POSITION - ENDING	<u><u>\$ 1,684,291</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GLENCOE, OKLAHOMA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>2022</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Receipts from Customers	\$ 311,483
Other Cash Receipts	12,617
Payments to Suppliers, Employees & Laborers	(309,382)
Receipts of Customer Utility Deposits, Net of Refunds	(317)
Net Cash Provided (Used) by Operating Activities	<u>14,401</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfers in	54,748
Operating Transfers Out	(30)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>54,718</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Additions to Capital Assets	(408,116)
Capital Contributions	419,462
Loan Proceeds received	-
Principal paid on Notes	(52,985)
Interest paid on Notes	(7,250)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(48,888)</u>
<u>Cash Flows from Investing Activities:</u>	
(Increase) Decrease in Investments	19,677
Interest Income	704
Net Cash Provided (Used) by Investing Activities	<u>20,381</u>
Net Increase (Decrease) in Cash and Cash Equivalents	40,613
Cash & Cash Equivalents, Beginning of Year	92,334
Cash & Cash Equivalents, End of Year	<u>\$ 132,947</u>
<u>Reconciliation of operating income (loss) to net cash provided</u>	
<u>operating activities:</u>	
Operating Income (Loss)	\$ (16,649)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation Expense	31,367
Increase(Decrease) in Customer Deposits	(317)
Net Cash Provided (Used) by Operating Activities	<u>\$ 14,401</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C., these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash-basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. FINANCIAL REPORTING ENTITY

The Town's financial reporting entity is comprised of the following:

Primary Government:	Town of Glencoe
Blended Component Units:	Glencoe Public Works Authority (GPWA)

PRIMARY GOVERNMENT

The Town of Glencoe, Oklahoma (Town) operates under the Town Board of Trustees form of government.

The Town provides the following services: public safety, streets, public improvements, recreation, planning and zoning and general administrative services. The Glencoe Public Works Authority (Enterprise Fund) provides water, sewer and trash services to the citizens of the Town.

BLENDED COMPONENT UNITS

A blended component unit is a separate legal entity for which the elected officials of the primary government are financially accountable and that meets the blended component unit criteria. A blended component unit meets at least one of the following criteria: (a) the blended component unit's governing body is the same or substantially the same as the Town Council, and there is a financial benefit or burden relationship with the Town, or Town management has operational responsibility for the component unit; (b) the component unit provides services entirely or almost entirely to the Town; or (c) the component unit's debt is

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

expected to be repaid entirely or almost entirely with resources of the Town. The blended component unit's funds are blended into those of the Town by appropriate fund type to constitute the primary government presentation. Based on the foregoing criteria, the financial statements of the following component units are blended into the accompanying financial statements: Glencoe Public Works Authority. The Town board of trustees, and PWA board of directors are the same.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charges to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, net position or fund balance, revenues, and expenditures or expenses. The Town's funds are organized into two major categories: governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of that individual governmental or enterprise fund are a least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds:

Street & Alley Fund - used to account for gasoline excise and commercial vehicle taxes legally restricted for street & alley improvements.

Police Fund - used to account for the revenues received and expenditures paid for public safety.

Cemetery Care Fund - used to account for cemetery lot sales and donations which are restricted for cemetery use.

Fireworks Committee - used to account for donations received for the annual fireworks display for the Independence Day celebration.

Economic Development Committee - used to account for donations received for economic development.

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for the acquisition, operation and maintenance of Town facilities which are financed primarily by user charges. The Enterprise funds are accounted for similar to activities of the private sector. The measurement focus is upon determination of net income, financial position and changes in financial position. The Glencoe Public Works Authority is accounted for as the Town's Enterprise Fund.

Glencoe Public Works Authority	Accounts for the activities of the public trust in providing water, sewer and sanitation services to the public.
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C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide State of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period.

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determinations of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Town utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting.

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

All government-wide financial statements would be presented on the accrual basis of accounting.

D. FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

CAPITAL ASSETS

The Town's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2000.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets.

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations, are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

proprietary fund operations are accounted for the same as in government-wide statements.

ESTIMATES

The preparation of financial statements, in conformity with the modified cash basis of accounting, requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NET POSITION/FUND BALANCE CLASSIFICATION

Government-Wide Statements

Net Position is classified and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the Town's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Fund Financial Statements

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

- Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board.
- Unassigned - Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

The purposes of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Police Fund	Fines Grants

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Street & Alley Fund

Motor Vehicle Tax
Gasoline Excise Tax

REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The Town presently levies a sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission.

Property Tax

For the year ended June 30, 2022, the Town levied no property tax. Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and court-assessed judgments.

Enterprise Fund Revenues

Revenues consist of sales of water, sewer, and sanitation services to individuals, business owners, and others within the Town corporate limits and nearby area.

Expenditures/Expenses

For purposes of the combined operating statements, expenditures/expenses are classified as follows:

Governmental Fund Types - By Character: Current (further
classified by activity)
Capital Outlay
Proprietary Fund Types - By Operating and Non-Operating

Governmental fund types report expenditures of financial resources. Proprietary fund types normally report expenses relating to use of economic resources.

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DEPOSITS, INVESTMENTS AND COLLATERAL

Custodial Credit Risk

At June 30, 2022, the Town held deposits of approximately \$758,669 at financial institutions. The Town's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

Investment Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Town has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school Town tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school Town.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Concentration of Investment Credit Risk

The Town places no limit on the amount it may invest in any one issuer. The Town has the following of credit risk: 100% in CDs (\$460,292).

NOTE 3 - CAPITAL ASSETS

Capital asset activity resulting from the modified cash basis transactions, for the fiscal year ended June 30, 2022, was as follows:

	6/30/21			6/30/22
<u>Governmental Activities:</u>	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Fire Department	215,395	-	-	215,395
Police Department	19,372	-	-	19,372
Parks and Recreation	195,537	4,000	-	199,537
Building	62,944	-	-	62,944
General equipment	63,558	-	-	63,558
Water, sewer & street improvements	631,265	31,170	-	662,435
Total other capital assets	1,188,071	35,170	-	1,223,241
Less accumulated depreciation for:				
Equipment	392,103	16,341	-	408,444
Buildings	40,306	2,054	-	42,360
Water, sewer & street improvements	353,158	26,841	-	379,999
Total accumulated depreciation	785,567	45,236	-	830,803
Other capital assets, net	402,504	(10,066)	-	392,438
Governmental activities capital assets, net	\$ 402,504	\$ (10,066)	\$ -	\$ 392,438

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

	6/30/21			6/30/22
<u>Business-Type Activities:</u>	Balance	Additions	Deductions	Balance
Capital assets not being depreciated:				
Land	\$ 59,929	\$ -	\$ -	\$ 59,929
Construction in progress	546,730	399,416	-	946,146
Total capital assets not being depreciated	606,659	399,416	-	1,006,075
Other capital assets:				
Utility equipment	107,559	600	-	108,159
Water & Sewer System	1,279,282	8,100	-	1,287,382
Total other capital assets	1,386,841	8,700	-	1,395,541
Less accumulated depreciation for:				
Utility equipment	98,875	3,238	-	102,113
Water & Sewer System	570,289	28,129	-	598,418
Total accumulated depreciation	669,163	31,367	-	700,530
Other capital assets, net	717,678	(22,667)	-	695,011
Business-type activities capital assets, net	\$ 1,324,337	\$ 376,749	\$ -	\$ 1,701,086

Depreciation expense was charged to functions as follows in the Statement Activities:

Primary Government:	
Governmental Activities:	
General Government	\$ 5,912
Public Safety	2,293
Highways & Streets	26,841
Parks & Recreation	10,190
Total depreciation expense for governmental activities	<u>\$ 45,236</u>
Business-Type Activities:	
Water	\$ 7,488
Sewer	23,879
Sanitation	-
Total depreciation expense for business-type activities	<u>\$ 31,367</u>

NOTE 4 - LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

As of June 30, 2022, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

There are currently no governmental fund long-term debts outstanding.

BUSINESS-TYPE ACTIVITIES

ENTERPRISE FUND - GLENCOE PUBLIC WORKS AUTHORITY

Refundable Customer Deposits

Refundable deposits reported as a liability within the Statement of Net Position are utility deposits.

Note Payable - OWRB

The Authority has a note payable (ORF-05-0003-CW) to Oklahoma Water Resources Board (OWRB), payable in semi-annual installments until maturity on September 15, 2026, including interest at 2.6% plus 0.5% administrative fees. The original amount of the loan was \$170,000.00 and was used for sewer improvements. Collateral is pledge and assignment of revenues.

Note Payable - First Oklahoma Bank

The Authority has a note payable to First Oklahoma Bank, payable in monthly installments of \$1,169.99 until maturity on June 28, 2023 with an interest rate of 2.40%. The original amount of the loan was \$180,000.00 and was used for the sewer lagoon project. While this loan is due within one year, the maturity will be extended each year, over a 15-year period, to coincide with maturity date of all Certificates of Deposit pledged as collateral.

Note Payable - COEDD RLF

The Authority has a note payable (RLF #194) to Central Oklahoma Economic Development District, Inc. (COEDD), payable in monthly installments of \$2,219.52 until maturity on May 28, 2024, including interest at 4.0%. The original amount of the loan was \$98,300.00 and was used for sewer improvements. Collateral is pledge and assignment of revenues.

Note Payable - First Oklahoma Bank #2

The Authority has a note payable to First Oklahoma Bank, payable in monthly installments of \$1,248.46 until maturity on June 28, 2023 with an interest rate of 2.40%. The original amount of the loan was \$83,000.00 and was used for a PWA project. While this loan is due within one year, the maturity will be extended each year, over a 15-year period, to coincide with maturity date of all Certificates of Deposit pledged as collateral.

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	Balance at June 30, 2021	Additions	Deductions	Balance at June 30, 2022
Refundable deposits	\$ 26,202.79	\$ 3,350.00	\$ (3,667.16)	\$ 25,885.63
Note Payable - OWRB	52,147.02	-	(9,826.70)	42,320.32
Note Payable - FOB	109,113.13	-	(8,112.10)	101,001.03
Note Payable - COEDD RLF	73,207.95	-	(24,145.42)	49,062.53
Note Payable - FOB #2	74,694.81	-	(10,900.55)	63,794.26
Total Long-Term Debt	<u>\$ 335,365.70</u>	<u>\$ 3,350.00</u>	<u>\$ (56,651.93)</u>	<u>\$ 282,063.77</u>

Debt Services Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of June 30, 2022, are as follows:

OWRB				
Year Ended June 30,	Principal	Interest	Admin	Total Payment
2023	\$ 10,123.56	\$ 692.57	\$ 199.05	\$ 11,015.18
2024	10,515.10	349.98	148.05	11,013.13
2025	10,916.46	349.98	94.78	11,361.22
2026	10,765.20	-	40.13	10,805.33
2027	-	-	-	-
Total	<u>\$ 42,320.32</u>	<u>\$ 1,392.53</u>	<u>\$ 482.01</u>	<u>\$ 44,194.86</u>

COEDD RLF			
Year Ended June 30,	Principal	Interest	Total Payment
2023	\$ 25,129.13	\$ 1,505.11	\$ 26,634.24
2024	23,933.40	481.32	24,414.72
2025	-	-	-
2026	-	-	-
2027	-	-	-
Total	<u>\$ 49,062.53</u>	<u>\$ 1,986.43</u>	<u>\$ 51,048.96</u>

NOTE 5 - COMMITMENTS AND CONTINGENCIES

GRANT PROGRAMS

The Town participates in certain federal and state grant programs as available; currently the town is not participating in any ongoing programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. The amount of expenditures that may be disallowed by the granting agency cannot be determined at this time, although it is believed by the Town that the amount, if any, would not be significant.

LITIGATION

The financial statements do not include accrual or provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, such judgments may become liabilities only of the Debt Service Fund and only in the year in which tax revenue is specifically assessed for payment of the claim, and only to the extent of the taxes so specifically assessed in that year. Such claims are generally paid through special tax assessments over a three-year period.

NOTE 6 - EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Oklahoma Municipal Retirement Fund

The Town provides a defined contribution plan and trust known as the Town of Glencoe & Glencoe Public Works Authority Plan (the "OMRF Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF) available to all full-time employees. OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The Plan is administered by Bank One Trust Company of Oklahoma City. The defined contribution plan is mandatory to all full-time employees who are not already participating in another plan. The employee contributes to the Plan and amount of 3% of their gross wages. The Employer contribution shall be allocated in the proportion which the Compensation of each employee for Valuation Period bears to the Compensation paid to all such Participants for such Valuation Period. If any employee terminates before becoming fully vested (vested after seven years), the employer's contributions that are forfeited may be used to reduce the Town's current-period contribution requirements.

The total OMRF contributions for 2022, 2021 and 2020, respectively, were \$2,143.04, \$2,143.04, and \$2,403.89.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, OK 73105.

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Oklahoma Firefighter's Pension and Retirement System (OFPRS):

The Town's volunteer firemen participate in the Oklahoma State Firefighter's Pension and Retirement System. Vesting occurs after 10 years of service and payments begin at age 50, or after 20 years of service, whichever is later. The total contribution for the year ended June 30, 2022 was \$1,200 and covered 20 volunteers.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414 and is also available at www.ok.gov/fprs under the "GASB" tab labeled "2014-GASB 68 Accounting Supplement."

NOTE 7 - WATER PURCHASE COMMITMENT

The governing board of the Town of Glencoe, Oklahoma, together with seven other cities and rural water districts located in Noble, Pawnee, and Payne Counties have jointly formed Lone Chimney Water Association (Association). The purpose of the Association is to provide a water system for the benefit of its members and other users. The Association has entered into various loan agreements with the USFA-Rural Development to provide financing for the facility. Under the terms of the agreement regarding the Lone Chimney Water Association, each member has contracted to purchase a minimum amount of water from the Association during the 40 year term of the notes. In addition, each individual member is proportionately liable for any debts that exceed the assets of the Association to the extent of one and one-half times the percentage of ownership interest held by the entity pursuant to the agreement. At June 30, 2022, the Association's debts do not exceed its assets.

At June 30, 2022, the Town of Glencoe, Oklahoma was obligated to purchase a minimum of 18 million gallons of water annually. The rate charged for the water can be adjusted every three years to provide sufficient revenues for the Association. In November 2014, the rates increased significantly and have resulted in a large increase in water costs for the Town.

NOTE 8 - GRANT INCOME

The Town of Glencoe was approved for CDBG 20 - 17854 from DOC (Department of Commerce) in the amount of \$450,000.00 for the sewer

TOWN OF GLENCOE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

lagoon improvements. As of June 30, 2022, \$413,546.72 has been received and expended and there is a remaining balance of \$36,453.28.

The Town of Glencoe was approved for ARPA Coronavirus State and Local Fiscal Record Funds from the U.S. Department of the Treasury in the amount of \$53,007.89. As of June 30, 2022, \$53,007.89 has been received but not yet expended and there is no remaining balance.

The Town of Glencoe was approved for a REAP Grant in the amount of \$30,000.00 for street repairs. As of June 30, 2022, \$30,000.00 has been received and expended and there is no remaining balance.

NOTE 9 - SUBSEQUENT EVENTS

The Town did not have any subsequent events through December 8, 2022, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2022.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Town of Glencoe, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Glencoe, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, which collectively comprise the Town of Glencoe, Oklahoma's basic financial statements, and have issued my report thereon dated December 8, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Glencoe's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Glencoe's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Glencoe's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or *detect and correct misstatements on a timely basis*. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed

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to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control described in the accompanying Schedule of Findings as Item 22-01 that I consider to be significant deficiencies.

Compliance and Other Matters

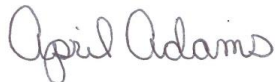
As part of obtaining reasonable assurance about whether the Town of Glencoe's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is included in the Schedule of Findings as Item 22-02. The results of my tests disclosed no instances of other matters that are required to be reported under *Government Auditing Standards*.

Town of Glencoe's Response to Findings

Town of Glencoe's response to the findings identified in my audit is described in the accompanying Schedule of Findings. Town of Glencoe's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April Adams CPA PLLC
Ponca City, Oklahoma

December 8, 2022

TOWN OF GLENCOE, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2022

INTERNAL CONTROL FINDINGS

Item 22-01: Segregation of Duties

Criteria: A good system of internal control requires a proper segregation of duties to prevent one person from being in a position to authorize, execute, and record the same transaction.

Condition: Due to the size of the Town's major areas of internal control, that would be prevalent in a larger Town, such segregation of duties is not available for this size operation. Duties are concentrated in the hands of a few individuals, who are responsible for all phases of the accounting functions. Because of this lack of division of responsibility, internal control is determined to be weak, and in some instances, non-existent.

Cause/Effect: Due to the limited number of personnel, a breach of internal controls could occur and not be detected in the normal course of operations.

Recommendation: The Board should continue to be actively involved in the operations of the organization.

Response: The Trustees have concluded that due to the limited number of personnel, an adequate segregation of duties is not achievable and that the cost of correcting the weakness would exceed the benefits that would be derived from it.

COMPLIANCE FINDINGS:

Item 22-02: UNINSURED & UNCOLLATERALIZED DEPOSITS

Criteria: To protect public monies from potential loss, Oklahoma Statutes require that local governments, such as the Town, before depositing in excess of the federally insured amount (FDIC coverage of \$250,000.00), secure collateral pledges to cover the amount of the deposits. Further, U.S. generally accepted accounting principles (GAAP) requires the Town to disclose the amount of its bank balance that is uninsured and uncollateralized at the end of the period.

Condition: During the fiscal year, the Town's deposits with First Oklahoma Bank continued to grow significantly. As a result,

TOWN OF GLENCOE, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2022

\$153,376.31 of the Town's bank balance was uninsured and uncollateralized at June 30, 2022.

Cause/Effect: First Oklahoma Bank issued a FHLB LOC on May 20, 2022 for \$65,000.00 which helps cover part of the balance that exceeded FDIC coverage but not all of it. Collateral was not significantly pledged by the servicing bank. Cash deposits exceeding the Federal Deposit Insurance Corporation coverage of \$250,000 are at risk of being lost if the bank becomes insolvent. No loss of public monies resulted from these uninsured and uncollateralized deposits.

Recommendation: To help protect public monies from potential loss and to comply with state statutes, the Town must ensure that all deposits not covered by federal depository insurance are collateralized in accordance Oklahoma Statutes.

Response: The Town is aware of the problem and is currently working with the bank to correct the situation and considering other banks.

EXHIBIT H

TOWN OF GLENCOE, OKLAHOMA
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Cemetery Care Fund	Fireworks Committee	Economic Development Committee	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 21,153	\$ 1,233	\$ 873	\$ 23,259
Investments	37,162	-	-	37,162
TOTAL ASSETS	\$ 58,314	\$ 1,233	\$ 873	\$ 60,420
<u>LIABILITIES & FUND EQUITY</u>				
<u>LIABILITIES:</u>				
Due to Other Governments	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
<u>FUND BALANCES:</u>				
Nonspendable	-	-	-	-
Restricted	58,314	1,233	-	59,547
Committed	-	-	-	-
Assigned	-	-	873	873
Unassigned	-	-	-	-
TOTAL FUND BALANCES	58,314	1,233	873	60,420
TOTAL LIABILITIES AND FUND BALANCES	\$ 58,314	\$ 1,233	\$ 873	\$ 60,420

The accompanying notes are an integral part of the basic financial statements.

EXHIBIT I

TOWN OF GLENCOE, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Cemetery Care Fund	Fireworks Committee	Economic Development Committee	Total Nonmajor Governmental Funds
<u>REVENUES:</u>				
Intergovernmental:				
Gasoline Excise Tax	\$ -	\$ -	\$ -	\$ -
Motor Vehicle Tax	-	-	-	-
Grants	-	-	-	-
Fines & Forfeitures	-	-	-	-
Donations	8,672	200	150	9,022
Lot Sales	1,400	-	-	1,400
Miscellaneous Income	-	-	-	-
Interest Income	162	-	-	162
TOTAL REVENUES	10,234	200	150	10,584
<u>EXPENDITURES:</u>				
Current:				
General Government	-	3,490	1,800	5,290
Public Safety - Police	-	-	-	-
Highways & Streets	-	-	-	-
Parks and Recreation	-	-	-	-
Cemetery	4,781	-	-	4,781
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	4,781	3,490	1,800	10,071
EXCESS OF REVENUES OVER (UNDER)				
 EXPENDITURES	5,453	(3,290)	(1,650)	513
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	385	3,490	1,900	5,774
Operating Transfers Out	-	-	-	-
Capital Debt Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	385	3,490	1,900	5,774
NET CHANGES IN FUND BALANCES	5,837	200	250	6,287
FUND BALANCE - BEGINNING OF YEAR	52,477	1,033	623	54,133
FUND BALANCE - END OF YEAR	\$ 58,314	\$ 1,233	\$ 873	\$ 60,420

The accompanying notes are an integral part of the basic financial statements.